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28 JUL 1959

MEMORANDUM FOR: Deputy Director (Support)

**SUBJECT: Health Insurance Bills, S. 2162, H. R. 8210,
et al**

1. This memorandum contains a brief summary of developments to date concerning current health insurance legislation.

2. On 16 July 1959, after extensive hearings on the Subject by the Senate Post Office and Civil Service Committee, the Senate, by an overwhelming vote, passed the Johnston - Neuberger health insurance bill (S. 2162). This bill is now under active consideration by the House Committee. Although the ultimate fate of this measure cannot be predicted, it is known that Chairman Tom Murray (D., Tenn.) and the Administration have objections to certain aspects of the bill. Representative Murray and the Administration have both voiced their opposition to the cost of the program proposed. In addition, Administration witnesses (Civil Service Commission and Bureau of the Budget) are expected to object to certain technical aspects of the measure. A Presidential veto of the bill is quite possible.

3. S. 2162 provides the general framework for a Government-wide health insurance program for all civilian employees with the Government subsidizing 50 per cent of the premium cost. The details of the program are to be worked out by the Civil Service Commission by 1 July 1960. The Commission has indicated to us that, under the present provisions of S. 2162, CIA would not be permitted to continue its present health insurance program. In addition, it is now clear that CIA would be unable to remit premiums and settle claims in a secure manner under the bill as it is now written.

4. The Commission has suggested that the bill be amended to provide a separate plan for employees of CIA. Short of a complete exemption, this appears to be the best solution. It would permit

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direct negotiation between the Agency and Civil Service on a separate CIA plan. A proposed amendment has been discussed internally and agreed upon by interested Agency offices.

5. The Civil Service Commission will recommend to the House Committee that S. 2162 be amended to make provision for CIA. Committee staff members have indicated that Chairman Murray would be receptive to such a proposal if an Agency representative will appear before the Committee to request the amendment. A letter to this effect has been received from Chairman Murray. We are proposing a noncommittal response and will get together with the Director of Personnel and the Director of Security before making definite arrangements with the Committee for an appearance.

S/ John S. Warner

JOHN S. WARNER
Legislative Counsel

cc: DD/I
Comptroller
Director of Personnel
Director of Security
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subject ✓

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